

**SENATE
REPUBLICAN
CAUCUS
CHAIRMAN**



**CAPITOL OFFICE
ROOM 5087
(916) 445-9600**

**FRESNO OFFICE
(559) 253-7122**

**BAKERSFIELD OFFICE
(661) 324-6188**

**LOCAL
GOVERNMENT
FISCAL
RELIEF**

**“Many of our cities
and counties are
experiencing dire
fiscal
circumstances. The
State should return
ERAF dollars on an
equitable basis
immediately.”**

-Chuck Poochigian

AUGUST 10, 2000

Senator Charles S. Poochigian



Capitol Update

LOCAL GOVERNMENT FISCAL RELIEF

The California State Legislature has entered the final weeks of the 1999-2000 legislative session. Unfortunately, this year's Budget Act signed into law in July did not include any significant fiscal relief to local government. As you are well aware, cities and counties continue to struggle, despite the State of California's double-digit budget surplus.

During the budget deliberations earlier this summer, the budget conference committee identified \$200 million within the reserve to be allocated for local government relief by the local government conference committee, of which I am the Senate Republican designee. However, the budget act itself did not provide the necessary appropriation of the \$200 million, nor did it indicate a formula by which the moneys would be allocated. Without an appropriation, the budget action was insignificant.

Attached is a letter I have submitted to the co-chairs of the local government conference committee. There are only three weeks remaining in this year's session, so action to make this a reality must be swift.

Please do not hesitate to contact my office if you have any questions.

August 10, 2000

The Honorable Steve Peace
Member of the State Senate
State Capitol
Sacramento, CA 95814

The Honorable Dion Aroner
Member of the State Assembly.
State Capitol
Sacramento, CA 95814

Dear Senator Peace and Assemblywoman Aroner:

As the Senate Republican representative on the local government conference committee, I am writing to respectfully request that the conference committee allocate the \$200 million reserved in the 2000 Budget Act for local government relief based wholly or partially on a reverse Educational Revenue Augmentation Fund (ERAF) formula. It is critical that the money not be subject to the arbitrariness of special, individual member allocations and instead be returned to California cities, counties and special districts in a fair and impartial way.

As you are well aware, local governments have struggled with their fiscal situations for many years and continue to be beleaguered by ongoing ERAF payments. While I agree that true reform must be our combined goal as we enter the next legislative session, \$200 million is too small to create a meaningful incentive. We should not hold hostage this year's local government allocation in the hope of achieving reform next year. Unfortunately, local governments throughout the State are struggling with real problems today.

Your leadership on this issue has provided the much-needed first step in achieving significant local government fiscal reform. I look forward to working with each of you to ensure that local governments receive fiscal relief this year and fiscal reform next year.

Sincerely,

Charles S. Poochigian